

Date: May 12, 2022

To: The I-35W Solutions Alliance Board of Directors

From: Rob Vanasek and Britta Torkelson

Re: Legislative Report

Regular session is coming to an end, with just under two weeks left. Legislators have until midnight on Sunday May 22nd to pass any bills. The following day, many will return to the capital for retirement speeches. A very large number of members have announced their retirements (currently 34), and an additional 8 members are seeking other offices.

As is the norm, a number of big picture items have and will have a large influence on the outcome of transportation finance and policy issues this session. Since our last meeting, House and Senate leaders reached agreement with the administration at the end of April on two issues that had been casting a shadow over everything else: frontline worker bonuses (\$500M), and unemployment insurance fund replenishment (\$2.7B). This followed an earlier deal on reinsurance (\$700M). Leaving ~\$6-7B left of the surplus.

Much remains outstanding. It's supposed to be a bonding year – details below. All the supplemental budget bills, including transportation, are optional. Leadership is encouraging conference committees to reach big and small deals, but conference committee chairs are looking to leadership for subject area finance targets. The major pressure points are public safety, taxes and education. These pressure points, especially the last two, directly affect how much money transportation negotiators get to work out a deal.

Nancy Daubenberger is the Temporary MnDOT Commissioner following Margaret Anderson Kelliher's departure for Minneapolis. Daubenberger has been the Deputy Commissioner/Chief Engineer for the last 2.5 years.

HF 4293 – State Government, Transportation, and Veterans Omnibus

The House and Senate combined the State Government, Transportation, and Veterans bills into a single supplemental omnibus package. A conference committee is working to try and reach an agreement between the two different proposals. They began meeting this week.

Conference committee members:

Senators Dibble, Newman, Kiffmeyer, Jasinski, and Howe

Representatives Nelson, M, Murphy, Hornstein, Koegel, and Nash

Chair Newman and Chair Hornstein began meeting right after Easter to begin resolving differences. It's anticipated close to twenty same and similar transportation provisions get adopted by the conference committee later today, but the main ticket items will have to wait until leadership gives transportation a joint target.

The Senate will have to compromise on the size of their tax cut, which passed with 42 votes last night. The Senate will also need to meet some of the House's education funding priorities. The House will then have to compromise and agree to divert general fund dollars from the sales tax on auto parts to transportation. Once a deal is reached on the above, the transportation dollars need to be divided out amongst the various priorities of each chamber. This is all still possible with the time left, but leadership must cut their deal very soon, by Sunday or before ideally.

Some bill highlights:

- Appropriations to MnDOT from trunk highway bond proceeds:
 - House - \$149.1 million for bridges
 - Senate - \$299.6 million for specified projects
- Corridors of Commerce - each proposal contains both policy and finance changes to the COC program. Changes by the House do not benefit large regional projects like those the Alliance has successfully advocated for and the Senate version is even worse.
- Auto Parts Sales Tax (Senate only) - credits taxes from auto parts as follows: 86% to HUTDF, 7% to small cities assistance account, and 7% to town road account.
- Met Council Administrative Citations (House only) - authorizes Met Council to issue administrative citations for nonpayment of a transit fare.
- The Senate is more restrictive on its funds or additional MnDOT staffing to provide support for the local match for all the various programs Minnesota could draw down from the federal Infrastructure Investment and Jobs Act while the House is not as robust as the Senate on every line item. (Highway programs require 20%)
- Senate bill has earmarks, which MnDOT points out that those take funds away from projects already in the ten year plan while boosters point out the projects are needed.
- Senate reduces funding for transit by \$10M.
- Senate includes SF 2598, Duckworth (HF 3060 Berg), that provides \$42M for the replacement of the CSAH 50 and I 35 interchange. Lakeville previously testified on April 19th and conveyed Dakota County and the Solutions Alliance support for the bill.
- Senate includes \$4.2M for CSAH 9 and 169 interchange.

MnDOT testified in March that the strongest applications for the discretionary programs will have to have their match ready.

Bonding

Publicly, not much action has been seen to suggest a bonding bill will happen this session, but we do hear privately that at least the House is working on assembling its bill. The Senate has done much of its bonding work in private during session.

The governor is the only one to have presented a bonding bill thus far. It was unveiled before session even began and had \$2B in general obligation bonds and another \$700M in trunk highway and other borrowing costs.

The House and Chair Fue Lee has yet to present their bonding proposal for 2022, and they currently do not have any hearings scheduled. The House had talked earlier of putting together a bill totaling \$3.5B, but what they produce at this point will likely be much smaller. The House committee met a dozen times this session, and heard many different projects in each hearing. The bonding bill has to originate from the House.

The Senate Capital Investment committee has met only a few times, including when they met last week where MnDOT provided an informational overview on the IJA and matching needs and Jasinski's SF 4066, local roads and bridges bill, was heard. Chair Tom Bakk made it clear (as he has in the past) that transportation is a large priority for him in the bonding bill.

Ridership on Express, BRT

Prompted by a question during testimony in the House Transportation Committee in late March, Metropolitan Council Chair Zelle responded that ridership on commuter express lines were down the most at nearly 90%, and that BRT ridership during COVID was down about 50%. He said ridership was slowly recovering and that the Council was leaning in on transit safety.